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UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION  
SOUTHERN DIVISION

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A PROGRAM FOR COTTON

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Adapted from an address by I. W. DUGGAN, *Director, Southern Division, Agricultural Adjustment Administration*, before the annual meeting of the Texas Agricultural Workers' Association, Houston, Tex., January 15, 1938

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National programs for agriculture are only a few years old. Farmers clung to rugged individualism long after its abandonment by industry and organized labor. Until the McNary-Haugen movement few farmers thought seriously of using Government to help ease the weight of huge crop surpluses, or to prevent their accumulation. Cotton, corn, and wheat growers accepted the alternate cycles of glut and scarcity as they did weather cycles. The Federal Farm Board had not come into existence 10 years ago. The cotton program, first of the programs developed under the original Agricultural Adjustment Act, was started only 5 years ago.

The South grew an 18,946,000-bale crop last year and the carry-over on August 1, 1938, will be around 13,300,000 bales—or slightly more than the record carry-over in 1932. The prospect for the next 2 years, and probably for a year or two beyond that, is for cotton prices well below parity. In many ways the cotton situation resembles that of 1932.

The return, however, of comparatively low prices and huge surpluses does not mean that the cotton programs have been a failure. The income to southern cotton growers is undoubtedly much higher than it would have been if no adjustment had been made between supply and demand. This year's huge cotton crop was raised on 34 million acres, or 10 million acres below the 44 million acres planted in 1929. But had there been no A. A. A. program in 1937, a cotton crop of 23 million or 24 million bales might have resulted. Four or five million bales added to the 1937 crop would have hammered prices still lower and would have made still more difficult the problem of adjusting our supply to normal proportions.

The farmers turned to Federal farm programs in self-defense. Production adjustment is not an end in itself. The ideal situation for the cotton growers, as for all other producers, would be unlimited production and a high price. Unfortunately, experience since the World War has shown that the two do not often go together. Production adjustment has resulted in many difficulties. Unlimited production would have resulted in many more difficulties.

It is urged by some that the South return to unlimited production of cotton. Such an attitude apparently does not take into consideration the factors which made the adjustment programs necessary in the first place. So long as the United States was a debtor nation there was little difficulty in selling cotton overseas. All the mechanism of



international trade geared itself to encourage the export of wheat, cotton, and lard, produced in this country.

However, the United States became a creditor nation during the World War, and yet refused to let other countries ship in their goods in payment of their debts. So long as this country loaned foreign nations the money to buy cotton and other goods, exports held up very well. Leaving war debts out of consideration, net foreign indebtedness to the United States increased from 4.5 billion dollars in 1920 to 9.6 billion dollars in 1930. When this Nation finally quit lending money abroad, overseas customers reduced their buying. Then, instead of lower tariffs, higher tariffs were adopted. The gate to overseas trade was not only closed but also nailed up. Such a course could have but one result. That was to curtail the market abroad for cotton and other farm products.

Cotton production can be increased until the staple is cheaper than in 1932. Cotton growers of the South can bankrupt themselves in an effort to regain their former foreign market, but that market will never be completely regained under the present tariff system.

Habitual production control in industry is so familiar that it is generally accepted without question. Not only does industry curtail production during slack periods but it discharges its workmen and assumes no responsibility or very little responsibility for their care. The farmers of the South in the year just past grew an abundant and cheap supply of cotton. Meanwhile, business dropped in the cotton textile industry. In other words, the textile industry did not continue to produce regardless of cost and profits. Its policy was summarized in a trade report of the New York Cotton Exchange:

Certain branches of the industry have planned to curtail sharply during the next 2 months. Manufacturers are hopeful that the reduction of output will restore margins to a profitable basis.

"But", critics of A. A. A. programs say, "let the farmers control production without Government aid. The Government does not assist manufacturers to control production."

Apparently, these critics forget the tariffs which shut out foreign competition for industry. They forget also that the Government allows the formation of corporations which extend all over the country. An order from a corporation official in New York or Chicago today may result tomorrow in the discharge of workmen and closing of plants in Houston, in Dallas, or in other sections of the country. Through tariffs and protection for corporations, the Government has done much more to aid production control in industry than it has in agriculture. Farmers likewise require the aid of the Government if they are to cooperate in national programs for adjustment of production or soil conservation. That fact has been demonstrated by the experiences of the past few years.

The so-called domestic allotment plan, which involves unlimited production and a subsidy so that cotton may be sold abroad cheaply, has been advocated as a substitute for production control. Cotton growers could use a Federal subsidy. Even a subsidy, however, would not offset the effects of the extremely low prices which would follow 40 million to 44 million acres of cotton every year. Year in and year out, such an acreage probably would average from 14 to 16 million bales of cotton, perhaps more. Average consumption of cotton is not likely to exceed 13 million bales. The carry-over of cotton would increase from year to year, and more money would be required from the Treasury each year to give the cotton farmers a



reasonable income. The inevitable result would be a break-down of the plan, leaving behind it bankruptcy and ruin for the South.

Proponents of the domestic allotment plan argue that farmers would quit growing cotton for export if prices declined to certain levels. In other words, they would depend upon the so-called natural law of economics to adjust cotton production. The South experienced the workings of that law before 1933. There was a disastrous year in 1930, another in 1931, and still another in 1932. The cotton surplus continued to accumulate and only the plow-up in 1933 prevented another huge crop. The natural law of economics failed to adjust supply to demand. It would fail again.

In examining the South's situation we cannot ignore the importance of our foreign market for cotton. The United States has exported more than 50 percent of its crop for a half a century. The only thing more important than the foreign market for cotton is a reasonable income for the cotton grower. Huge exports mean very little if they are accompanied by increasing poverty among the producers themselves. Attempts to retain foreign markets, to adjust cotton production to demand, and to conserve the soil are for the benefit of human beings. If farm programs do not help to raise the farm standard of living, they do not amount to much.

To raise that standard of living in the cotton-growing South, efforts cannot be concentrated on exports alone, on production alone, nor on soil conservation alone. Farmers must frankly face the major problems involved. Basically, in cotton, these problems are two. One is to achieve the largest possible income from the production of cotton; the other is to use, to the best advantage, all available land, labor, and other facilities which are not needed for the production of cotton.

Neither overproduction nor underproduction will solve these problems. Rigid production control might mean high prices for a short period, but the eventual result would be decreased domestic and foreign consumption, in addition to the hardships which accompany the sharp curtailment of cotton acreage.

There is a middle course for the cotton-growing South which involves producing a supply of cotton sufficient to meet requirements for domestic consumption and exports. It means producing that supply at prices fair to farmer and consumer. It means a better balanced system of farming for the South. It means more food and feed for home use. It means conserving and upbuilding the soil. And it means a Federal subsidy to compensate for the tariff and for the tremendous advantages enjoyed by corporate industry.

A middle course for cotton probably means the diversion each year of several million acres of land to food and feed and soil-building crops. More than 50 percent of the Nation's farm population live in the South. About  $8\frac{1}{2}$  acres of cultivated land per person on farms are available in the 10 principal cotton-growing States. Excluding Texas and Oklahoma, the average per person is only about 6 acres. The per capita average for the rest of the country is 15 acres. If it became necessary to take several million acres out of cotton each year, some cotton growers would inevitably be displaced. Such displacement would follow any substantial curtailment of operation in either industry or agriculture. Experience with the A. A. A. cotton programs has shown that surprisingly few tenants have been thrown out of work because of these programs. They have been paralleled by a business recovery throughout the South which has created employ-



ment for many thousands. In addition, most of the land taken out of cotton has been planted to other crops. One of the real contributions made by the A. A. A. programs has been the stimulus given to the increase of the production of food and feed in the South.

Yet the South cannot be expected indefinitely to support a dense population on a reduced income. The South cannot be converted into a perpetual poorhouse simply to keep every farm family now growing cotton on the land. In all probability, thousands upon thousands now on farms in the South must look to industry for permanent employment. This permanent employment, of course, cannot come until industry has greatly expanded its present operation. Higher standards of living, however, may not come until industry uses more of our abundant human resources existing on already overcrowded land.

Although there seems to be little prospect of attaining either parity income or parity price in cotton soon, farmers have the opportunity to move gradually toward a balanced supply of cotton and this probably means a gradual rise in price. The cotton surplus cannot be eliminated in 1 year. To bring about a supply of 17.5 million bales for the 1938-39 season, it would be necessary to produce only 5 million to 6 million bales. Even if farmers received parity prices for this amount of cotton, it would bring only from 410 million to 492 million dollars from the sale of lint. And a reduction of acreage sufficient to raise a crop of from 5 million to 6 million bales would disrupt the entire economic structure of the South.

On the other hand, another 18 million bale crop in 1938 probably would result in a cash income from cotton even lower than that in 1932, and would cause as much damage as a drastic curtailment of acreage.

Even if successful in following the logical middle course, farmers will need whatever help they can get from the Federal Government and will need to raise as much as possible of the food and feed they need. A crop of 10 million bales selling for 10 cents per pound, for example, would give an income from lint of only about 500 million dollars. For cotton producers to have the purchasing power they had in 1909-13 it would be necessary for the income from the 1938 crop to be around 1 billion dollars.

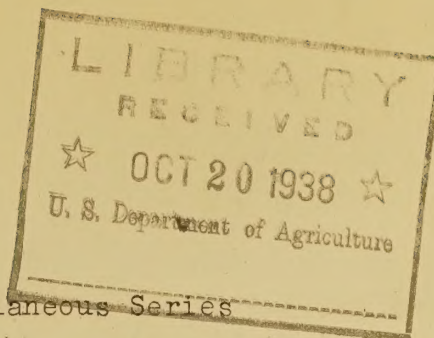
Statistics on pellagra in the South and on other diseases caused by deficiencies in diet have reemphasized the need for an increase in food and feed crops for home use. The Bureau of Home Economics estimates that a grade-A diet for southeastern sharecroppers would mean 40 percent more eggs, 60 percent more milk, and 25 percent more fruits and vegetables. The South consumes scarcely half as much milk per capita as other areas. If southern cotton farmers do not produce milk, lean meat, and eggs at home, they do without them in most cases. The cotton South will go into competition with dairy and livestock producers in other regions only if the income from cotton remains very low over a considerable period. Persons in other areas who want to restrict the use of acres diverted from cotton or other soil-depleting crops should keep that in mind.

The South does not want its farm program to be made the vehicle for sectional jealousy and fear. Any plan which promotes the permanent prosperity of the Corn Belt, the dairying regions, or other farming areas helps the South. Any plan which helps the South helps other areas. Above all things farmers need a national point of view; that is, they need to look at the whole instead of a minor part.



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Southern Region Miscellaneous Series



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UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION

SOUTHERN DIVISION

PROCEDURE TO BE FOLLOWED BY COUNTY AND STATE OFFICES WITH RESPECT TO REQUESTS FOR WINTER LEGUME SEED (AUSTRIAN WINTER PEAS AND HAIRY VETCH) IN ACCORDANCE WITH SECTION X, SOUTHERN REGION BULLETIN 201.

1. County Office Procedure.

- A. The county office will be responsible for the accurate determination of all information on each request for such winter legume seed. Special care should be taken to determine accurately the following:
- (1) That the attention of the producer is called to the provisions of the 1938 Agricultural Conservation Program regarding the manner of using such winter legume seed and that he clearly understands that he is eligible to receive the seed only if it is to be used in carrying out approved soil-building practices.
  - (2) That the deduction for the total quantity of such winter legume seed and the triple superphosphate, if any, requested by all persons on the farm will not exceed 80 percent of the maximum farm payment which may be earned by carrying out soil-building practices.
  - (3) That each producer on the farm is advised that if the payment to the producer filing the request for such winter legume seed is not sufficient to cover the deduction required for the seed, payments to other producers on the farm are subject to the remaining deduction.
- B. The county committee should determine, insofar as possible, that the farm is being operated in 1938 so that the payments earned under the 1938 Agricultural Conservation Program will exceed the deduction for all material obtained as grants of aid.
- C. The Treasurer of the County Agricultural Conservation Association will be responsible for collecting the freight, unless the freight is prepaid, and the handling charges, if any, prior to delivery of the seed.
- D. Immediately upon arrival of a shipment of seed, samples for analysis should be taken in accordance with instructions to be issued



separately. Notice of arrival of the seed should then be sent to each interested producer. If prior to delivery it is determined that any producer will not earn sufficient payment to cover the deduction for the seed, he shall be considered ineligible to receive it and it shall not be delivered to him. In the event another producer requests the seed his request therefor on Form ACP-64 should be submitted to the State office.

- E. Each request for such winter legume seed must be expressed in units of pounds.
- F. The requests for both Austrian Winter Peas and Hairy Vetch may be entered on one Form ACP-64. The applicable word "Peas" for the former and "Vetch" for the latter should be entered in parenthesis after the name of each producer on Form ACP-64 indicating the kind of seed requested. If a producer requests both kinds of seed his name and address shall be entered twice on such form with the proper notations as outlined herein.
- G. Form ACP-64, "Request for Grants of Aid under 1938 Agricultural Conservation Program", should be prepared in triplicate as follows:
  - (1) Enter in the space indicated in the upper right corner the serial number of the work sheet covering the farm on which such winter legume seed is to be planted.
  - (2) Enter the names and code numbers of the State and county in the spaces provided.
  - (3) Enter the name of the producer requesting the seed and his tenure (landlord, share tenant, or sharecropper) in the space provided in section I.
  - (4) Enter the mail address of the producer and the name of the county and State in the spaces provided below the name of the producer.
  - (5) In the space provided for the description of the material enter "Austrian Winter Peas", or "Hairy Vetch"; in the column headed "Quantity" enter the number of pounds requested, and in the column headed "Units", enter the word "lbs." (In case a producer requests both kinds of seed to be planted on the same farm a separate line shall be used for each kind.)
  - (6) Enter in the spaces provided the following: (In case both kinds of seed have been requested a separate line shall be used for each kind of seed and the name of the seed shown thereon.)



- (a) the name and number of the soil-building practice in connection with which the seed is to be used,
  - (b) the number of acres to be planted,
  - (c) the rate of applications per acre, and
  - (d) the total amount of seed to be planted.
- (7) Enter in the spaces provided that part of the maximum farm payment which may be earned by carrying out soil-building practices and the deductions for materials furnished as grants of aid (including triple superphosphate) in order that it may be determined that the total deductions will not exceed 80 percent of such part of the maximum farm payment.
- (8) The date of signing and the signature of the applicant should be entered in the spaces provided.
- (9) Upon approval of the request by the county committee, one member of the committee and the Secretary of the County Agricultural Conservation Association must sign in the spaces provided in section II and the date of each signature must be entered immediately below.
- (10) Section III will be executed by the Treasurer of the County Agricultural Conservation Association upon payment of the freight and the handling charges, if any, or upon delivery if no freight or handling charges are to be collected.
- (11) Section IV will be executed by the producer upon delivery of the seed to him.
- (12) The original Forms ACP-64 will be sent to the State office with the original and one copy of the related Form ACP-65. When such Forms ACP-64 are returned to the county office any corrections made by the State office on Form ACP-64 should be noted on the copies which were retained in the county office. The producer's copy should then be delivered to him and the original and remaining copy retained in the county office files.
- H. Form ACP-65, "Summary of Requests", is to be executed in triplicate when requests for such winter legume seed have been received on Form ACP-64, totaling a shipment as follows:
- (1) Enter in the upper right corner the names and code numbers of the State and county.
  - (2) Enter in the spaces provided for the name of the material



and a complete description thereof "Austrian Winter Peas" or "Hairy Vetch" and the date delivery is desired (or was made).

- (3) Enter in the space provided the name of the person designated as consignee and his mail address.
  - (4) Enter in the spaces provided the name of the railroad or carrier which is to deliver the seed and the actual point at which delivery is to be made.
  - (5) Enter in the respective columns the following information from the Forms ACP-64:
    - (a) the work sheet serial number of the farm,
    - (b) the names and addresses of producers requesting winter legume seed,
    - (c) the word "lbs", and
    - (d) the quantity (expressed in pounds) requested by each producer.
  - (6) Enter in the space provided the total number of pounds of each kind of seed requested.
  - (7) Upon approval by the County Committee, one member of the County Committee and the Secretary of the County Agricultural Conservation Association should sign and the date should be entered in the spaces provided.
  - (8) The original and one copy of Form ACP-65 will be transmitted to the State office. When approved by the State office the copy of this form will be returned to the county office, and the original will be retained in the State office.
- I. Upon receipt of the shipment, Form ACP-67, "Receiving and Inspection Report", should be executed in quadruplicate as follows:
- (1) Enter in the upper right corner the names and code numbers of the State and county.
  - (2) Fill out the Receiving and Inspection Report with the assistance of the local freight agent, if necessary. (If both kinds of seed are received, the name and amount of each kind of seed must be entered in the space following the words "Amount received".)



- (3) In case it is not necessary to fill in the "Report of Loss, Damage, Shortage, etc.", enter in the space provided therefor the following: "Samples drawn from \_\_\_\_\_ bags of the \_\_\_\_\_ bags in the shipment and forwarded to Washington" and enter the number of bags in the applicable spaces.
- (4) In case of loss, damage, shortage, etc., fill in the report of such loss, etc., with the assistance of the local freight agent, if available, and make the entries outlined in (3) above on the reverse side of Form ACP-67.
- (5) The signature of the designated consignee and the date should be entered in the spaces provided.
- (6) One copy of Form ACP-67 will be retained in the county office and the original and two copies forwarded to the State office. The State office will retain one copy and forward the original and one copy to the Southern Division, Agricultural Adjustment Administration, Washington, D. C.

II. State Office Procedure.

- A. The State office shall check Forms ACP-64 and ACP-65 and advise the county office of any corrections necessary thereon.
- B. After the Forms ACP-64 and ACP-65 have been checked by the State office, one copy of the Form ACP-65 and the originals of the supporting Forms ACP-64 should be forwarded to the county office.
- C. Shipping instructions will be issued from Washington on the basis of approved bids.

*I. W. Duggan*

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I. W. Duggan,  
Director, Southern Division,  
Agricultural Adjustment Administration.







SRM-237

U. S. Department of Agriculture  
Agricultural Adjustment Administration  
Southern Division

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U. S. Department of Agriculture  
Issued October 3, 1938

PROCEDURE FOR LIQUIDATION OF WHEAT LOANS WHERE  
WHEAT COLLATERAL IS STORED ON THE FARM AND IS  
ABANDONED OR DAMAGED OR THREATENED WITH DAMAGE

In executing the Wheat Producer's Mortgage (1938 CCC Wheat Form A), the producer agrees in section 4 that the Commodity Credit Corporation (hereinafter called the Corporation) may declare the loan secured by the mortgage due and payable: (a) When and so long as the average farm price of wheat as determined by the Bureau of Agricultural Economics of the United States Department of Agriculture shall be at or above parity as defined in the Agricultural Adjustment Act of 1938; (b) Upon discovery that the producer has made any misrepresentations in the mortgage or in connection with the loans; (c) Upon the discovery that wheat collateral is damaged or threatened with damage, otherwise impaired or abandoned; (d) Upon the filing by the producer of a petition in bankruptcy, or for a composition or extension of debts under the Bankruptcy Act.

In executing the Wheat Producer's Mortgage (1938 CCC Wheat Form A), the producer agrees under section 5 to deliver to the Corporation or its agent(s) at a designated shipping point, wheat of the quantity, grade, and subclass, as stated in the mortgage, and failing to make such delivery, the producer authorizes the Corporation or its agent(s), to the extent permitted by law, to enter on the premises and remove all of the wheat collateral, and the Corporation is authorized to pool or commingle said wheat with any other wheat held by it under any similar mortgages or loan agreements, including 1938 CCC Wheat Form B, and either by pool or separate contract to sell, assign, transfer, and deliver the wheat or documents evidencing title thereto at such time, in such manner, for cash or upon such terms or conditions as the Corporation may determine at any grain exchange or elsewhere or through any agency at public or private sale for immediate or future delivery and without demand, advertising, or notice of the time or place of sale or adjournment thereof or otherwise, and upon such sale the Corporation may become the purchaser of the whole or any part of such collateral secured.

In order better to protect the interest of producers, the Corporation and the Agricultural Adjustment Administration, it is necessary that representatives from the Agricultural Adjustment Administration, including members of State and county agricultural conservation committees (hereinafter referred to as State and county committees, respectively), maintain a careful supervision of all wheat loans including their inspection and liquidation where necessary.

Inspectors should be required to make periodic reinspection at intervals frequent enough to avoid losses from heating, insects, and other causes. The county committeemen should also inspect enough of the loans to be satisfied that the inspector has performed his duties



properly and that the wheat collateral is not damaged or threatened with damage or otherwise impaired. It is desirable that the county committeeman, when making inspection, be accompanied by the inspector who originally inspected and sealed the wheat.

Wherever it is found that the wheat collateral is damaged or threatened with damage, or otherwise impaired, information concerning all phases of the loan should be obtained to be used as the basis of a report (1938 C.C.C. Wheat Form K - separate report for each bin) to be made by the county committees to their State committee as to the following items:

1. Condition of Granary. Report any condition of structure which does not fulfill the requirements set forth in section 2 of the mortgage (1938 CCC Wheat Form A) and section 1(c)(C-2) of 1938 C.C.C. Wheat Form 1.

2. Condition of Wheat Collateral. Report condition of the wheat collateral and if questionable take another sample for testing and grading, also reporting results of previous test or tests.

3. Measurements and Quantity Determination. Remeasure the wheat and report both your measurements and determination and the inspector's original measurements and determination.

4. Loss of Wheat Collateral. Report whether or not there has been loss from forcible entry or loss caused by rodents, poultry, or livestock having access to the sealed wheat.

5. Recommendations. County committees should make their recommendations regarding all questionable loans, whether they should be called immediately or continued under close supervision.

Upon receipt of such a report (1938 C.C.C. Wheat Form K) from the county committee recommending the calling of any loan, the State committee shall, if it deems the recommendation justified, immediately approve and forward the same to the Corporation.

In those cases where the State committee disapproves the county committee's recommendation, or where the county committee has not recommended the calling of the loan, the State committee may direct its loan supervisor or one of its fieldmen to cooperate with the county committee in further periodic inspection of such questionable loan.

Upon receipt of a report from the State committee recommending that a loan be called, the Corporation will take such action as it deems necessary. If it decides to call such loan, it will execute and mail to the appropriate county committee an original and duplicate of 1938 C.C.C. Wheat Form L, addressed to the producer, the original of which is to be delivered to the producer by the county committee either in person or by registered mail. The county committee will retain the duplicate thereof



for its file. A copy of this form also will be mailed by Commodity Credit Corporation to the appropriate State committee for its information.

The Corporation will also transmit to the county committee a copy of 1938 C.C.C. Wheat Form M which authorizes and directs the county committee to represent the Corporation in the collection of the amount due on the loan in question. After the county committee has delivered the original of 1938 C.C.C. Wheat Form L to the producer, it should proceed to collect the loan in full or to sell the wheat at the shipping point designated in section 5 of the mortgage. If the producer refuses to make delivery pursuant to the mortgage, the county committee may sell the wheat at the granary or, if necessary arrange for its transportation to a warehouse or other convenient shipping point, giving the producer a receipt for the number of bushels of wheat received.

The county committee shall submit to the Corporation at the appropriate loan agency of the Reconstruction Finance Corporation through which the loan was made, a complete report on 1938 C.C.C. Wheat Form N covering each loan so handled, indicating such shortages, if any, as may occur. With this report, there shall be forwarded the entire net proceeds of the sale of the wheat collateral by postal money order or cashier's check, made payable to the Corporation which will be credited against the producer's loan. A copy of this report shall also be mailed by the county committee to its State committee.

In the event the net proceeds are in excess of the principal amount due on the loan, plus interest and other charges, the overplus will be remitted directly to the producer by the Corporation. If the net proceeds are insufficient to meet the loan, plus all charges, the county committee shall indicate in its report (1938 C.C.C. Wheat Form N) complete information as to whether the producer may have made a misrepresentation in connection with his wheat loan which would subject him to civil liability under the provisions of the mortgage or to criminal liability under the provisions of the United States Criminal Code.

Should the county committee have reason to believe that such liability exists, it shall request the producer to pay the balance due on the loan in full, including hauling, delivery, and all other charges which may have been incurred.

If the producer is unable to pay, or refuses to pay, any balance due on his loan, the county committee shall report the same with complete particulars to the State committee and the Corporation. Upon receipt of such information, the Commodity Credit Corporation may request the Secretary of Agriculture to make set-off and pay such deficiency from the proceeds of any benefit payments due the producer.

Expenses of county committeemen incident to the supervision and liquidation of these loans are not to be deducted from the sales proceeds of the wheat.



Copies of 1938 C.C.C. Wheat Forms K, L, M, and N are attached for your information. The State committees should mimeograph and distribute a sufficient number of copies of Form K to handle the work in their respective States. The other forms will be furnished by Commodity Credit Corporation as needed.

*I. W. Duggan*

I. W. Duggan,  
Director, Southern Division.

APPROVED:

COMMODITY CREDIT CORPORATION

By (Signed) John D. Goodloe  
Vice President



1938 CCC WHEAT FORM K

STATE \_\_\_\_\_

COUNTY \_\_\_\_\_

DATE \_\_\_\_\_

To: \_\_\_\_\_

Chairman, State Agricultural  
Conservation Committee

Re: Wheat Loan No. \_\_\_\_\_ Am't \$ \_\_\_\_\_  
Seal(s) No(s) \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

Dear Sir:

The following is our report relative to the above-captioned wheat loan:

1. Condition of granary:
2. Condition of wheat collateral: (a) Original Test \_\_\_\_\_ Percent Moisture;  
Grade \_\_\_\_\_ Sub-Class \_\_\_\_\_  
(b) Present Test (if any) \_\_\_\_\_ Percent moisture \_\_\_\_\_ Grade \_\_\_\_\_
3. Measurements and Quantity Determination:  
(a) Original:  
(b) Present:
4. Loss of wheat collateral:
5. Recommendation:

NOTE: Mail two copies of this report to the State Committee and one to Commodity Credit Corporation in care of the Loan Agency of Reconstruction Finance Corporation serving the area.

\_\_\_\_\_ County  
Agricultural Conservation Committee

By \_\_\_\_\_

\_\_\_\_\_  
(Address)



1938 CCC Wheat Form L

Date \_\_\_\_\_

To \_\_\_\_\_, Producer

You are hereby advised that your wheat loan note dated \_\_\_\_\_ in the principal amount of \$ \_\_\_\_\_ is hereby declared to be immediately due and payable. There is also due on said note, to and including the above date as interest thereon, the sum of \$ \_\_\_\_\_ and \$ \_\_\_\_\_ for insurance charges, plus the charges and expense in connection with the delivery and sale of the wheat collateral in accordance with the terms of the chattel mortgage securing said note. The daily accrual of interest and insurance charges is \$ \_\_\_\_\_ to the date funds from the sales proceeds of the wheat, or otherwise, are actually available to the Federal Reserve Bank or Branch thereof serving the district in which the wheat is stored.

Our records indicate said note is secured by wheat collateral in the amount of \_\_\_\_\_ bushels situated on the following premises:

in \_\_\_\_\_ county, State of \_\_\_\_\_ and that on the maturity of the note you will, at your expense, deliver the wheat collateral to the following shipping point: \_\_\_\_\_

Pursuant to Section 5 of said chattel mortgage, you are hereby directed to deliver the wheat collateral in accordance with instructions from the County Agricultural Conservation Committee, which, acting as representative of Commodity Credit Corporation, will deliver this notice to you. In the event of your refusal to act as directed by such representative, the representative is authorized to take such action as is necessary to complete the sale and delivery of the wheat including the hauling of the wheat to the designated shipping point. All such costs shall be a charge against the wheat. Your attention is called to Section 9 of the chattel mortgage (1938 CCC Wheat Form A) as to the penalty imposed by reason of your failure to deliver wheat of the quantity, grade and sub-class set forth in such chattel mortgage.

The sales proceeds of the wheat will be applied in payment of your note, together with interest thereon and insurance and other charges, including the costs in connection with the sale and delivery of the wheat. Any over-plus will be returned to you.

\_\_\_\_\_  
County  
Agricultural Conservation Committee

By \_\_\_\_\_

COMMODITY CREDIT CORPORATION

By \_\_\_\_\_, Agent  
(Manager \_\_\_\_\_ Loan Agency  
Reconstruction Finance Corporation)



1938 CCC Wheat Form M

Date \_\_\_\_\_

To: \_\_\_\_\_ County  
Agricultural Conservation Committee.

Dear Sirs:

Enclosed is a letter directed to \_\_\_\_\_  
(Name of Producer)  
\_\_\_\_\_, relative to Wheat Loan Serial No. \_\_\_\_\_  
(Address)

\_\_\_\_\_, in the principal amount of \$ \_\_\_\_\_

secured by \_\_\_\_\_ bushels of wheat, which you are authorized and requested to deliver immediately to the designated producer. This letter declares his note to be immediately due and payable.

Any member of your Committee is hereby authorized and requested to represent Commodity Credit Corporation in the liquidation of this loan. You are to proceed at once with the collection of this loan in full, or otherwise to sell the wheat at the elevator, shipping point, or such other point as the producer delivered it; or, if the producer refuses to make delivery pursuant to the chattel mortgage, you are requested to sell the wheat at the granary, or if necessary, arrange for the transportation to and the sale of the wheat at the shipping point. Kindly furnish the producer a receipt as to the number of bushels actually measured out if sold at the granary, or the actual weights if sold at the shipping point. Upon the sale of the wheat, you shall remit the entire net proceeds (after payment of hauling, labor, and other expenses) to the Loan Agency of Reconstruction Finance Corporation at the point from which your instructions originated. Receipts evidencing payment of any expenses in connection with this loan shall be submitted with 1938 CCC Wheat Form N. In the event the producer fails to deliver and refuses to permit the County Committee to take possession of the wheat, full information should be furnished to the Loan Agency of Reconstruction Finance Corporation for the institution of foreclosure proceedings.

You are to submit with such proceeds, a complete report in duplicate on each loan so handled, on 1938 CCC Wheat Form N, indicating whether there was a shortage, and if so, your opinion and the reasons therefor concerning the cause of the shortage. If the circumstances indicate that the producer should pay the deficiency, secure payment of the same if possible. Should any case arise in which the producer is unable to pay the deficiency and refuses to comply with the above request, report such information in full to this office, in order that Commodity Credit Corporation may request the Secretary of Agriculture to set off and pay the deficiency pursuant to the authority granted by the producer in Section 9 of the chattel mortgage (1938 CCC Wheat Form A).

COMMODITY CREDIT CORPORATION

By \_\_\_\_\_, Agent  
(Manager \_\_\_\_\_ Loan Agency  
Reconstruction Finance Corporation)

Date \_\_\_\_\_

To: \_\_\_\_\_ Manager  
Reconstruction Finance Corporation

Loan Agency \_\_\_\_\_

Dear Sir:

The original of 1938 CCC Wheat Form L was delivered to \_\_\_\_\_, the producer named therein on \_\_\_\_\_. Pursuant to your request on 1938 CCC Wheat Form M for proceeding with the collection of this loan, the following information is submitted:

Sales Report:Expenses:

Amount of wheat sold \_\_\_\_\_ bushels      Hauling \_\_\_\_\_  
Grade and Subclass \_\_\_\_\_ Labor (analyze) \_\_\_\_\_  
Price per bushel \$ \_\_\_\_\_ Travel \_\_\_\_\_  
Total sales proceeds \$ \_\_\_\_\_ Time consumed \_\_\_\_\_ hours.

(In case delivery is not made by producer, attach receipts evidencing payment therefor.)

The price for such wheat at the shipping point named by the producer in Section 5 of the chattel mortgage as of the date of 1938 CCC Wheat Form L addressed to such producer was \$ \_\_\_\_\_ per bushel.

Enclosed is a Cashier's check or Postal money order for \$ \_\_\_\_\_ in payment for the wheat.

Remarks regarding shortage of wheat to supply information upon which to base a request for offset or a claim for recovery under Commodity Credit Corporation insurance policy:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Note: Mail copy of this report  
to State Committee

Expenses of County Committeemen  
incident to the liquidation of these  
loans are not to be deducted from the  
sales proceeds

\_\_\_\_\_  
County  
Agricultural Conservation Committee

By \_\_\_\_\_

(Address) \_\_\_\_\_



Issued October 28, 1938

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UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION  
DEC 1 1938 ★

SOUTHERN DIVISION

INSTRUCTIONS TO COUNTY OFFICES ON EXECUTION AND DELIVERY  
OF FORMS ACP-85, "NOTICE OF COUNTY AGRICULTURAL  
CONSERVATION ASSOCIATION EXPENSE DEDUCTION,"  
IN CONNECTION WITH CHECKS ISSUED PURSUANT  
TO THE 1938 AGRICULTURAL CONSERVATION PROGRAM.

Section 392(b) of the Agricultural Adjustment Act of 1938 provides that in the event any administrative expenses of the county or local committees are deducted from Soil Conservation Act payments in any fiscal year (beginning with the fiscal year July 1, 1938 - June 30, 1939) each farmer receiving such payment "... shall be apprised, in the form of a statement to accompany the check evidencing such benefit payment..., of the amount or percentage deducted from such benefit payment ... on account of such administrative expenses."

Form ACP-85, "Notice of County Agricultural Conservation Association Expense Deduction", has been prepared for this purpose in connection with the 1938 Agricultural Conservation Program, and a supply of such forms forwarded to each State office. The following instructions should be observed by the county offices in the execution and delivery of Form ACP-85:

The notice is to be delivered to each applicant whose name appears on the Form ACP-75a(SR), "Public Voucher for 1938 Agricultural Conservation Payments", as a payee or assignor, but is not to be delivered to an assignee. Where a check is delivered in person to an applicant-payee the notice shall be delivered at the same time, and where a check is mailed to an applicant-payee the notice shall be enclosed in the envelope with the check.

Enter in the space provided the association expense deduction factor, as shown in the heading of the Form ACP-75a(SR) which accompanies the shipment of checks to the county office.

The space below the deduction factor is to be used for the entry of information relative to assignments and set-offs, as explained below, and is available for the signature of the chairman or secretary of the county committee if a signature is desired. If the signature is to appear, the title of the person signing, followed by the name of the committee, should be typed



or stamped thereon. The facsimile signature of the officer may be used.

In cases where an applicant has assigned a part of his payment and his name appears on Form ACP-75a(SR) in both the "assignor column" and the "payee column", enter the following notation on Form ACP-85 in the blank space below the deduction factor: "\$\_\_\_\_\_ of your payment is being paid to \_\_\_\_\_, your assignee."  
(Name of assignee)

In cases where an applicant has assigned his entire payment and his name appears on the Form ACP-75a(SR) only in the "assignor column", enter the following notation on Form ACP-85 below the deduction factor: "No check is delivered herewith since your payment in the amount of \$\_\_\_\_\_ is being paid to \_\_\_\_\_, your assignee."  
(Name of assignee)

In cases where the entire payment due an applicant is applied on an indebtedness to an agency of the United States, enter the following notation on Form ACP-85 in the blank space below the deduction factor: "No check is delivered herewith since your payment in the amount of \$\_\_\_\_\_ has been applied on your indebtedness to the \_\_\_\_\_."  
(Name of governmental agency)

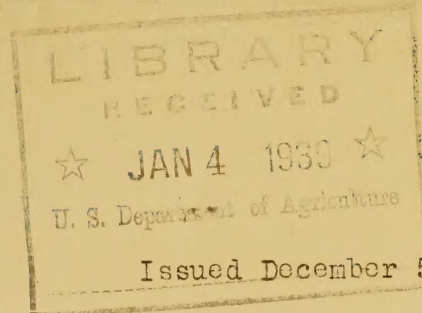
In any case where the entire payment is issued to an assignee or is set-off against an indebtedness of the applicant, the notice is to be delivered to the applicant (in person or by mail) as soon as possible after the applicable voucher form is received in the county office.

*I. W. Duggan*

I. W. Duggan,  
Director, Southern Division,  
Agricultural Adjustment Administration.



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SRM-238, Supplement 1  
Southern Region Miscellaneous Series

UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION

SOUTHERN DIVISION

INSTRUCTIONS TO COUNTY OFFICES ON EXECUTION AND DELIVERY  
OF FORMS ACP-85, "NOTICE OF COUNTY AGRICULTURAL  
CONSERVATION ASSOCIATION EXPENSE DEDUCTION,"  
IN CONNECTION WITH CHECKS ISSUED PURSUANT  
TO THE 1938 AGRICULTURAL CONSERVATION PROGRAM.

SRM-238 is hereby supplemented by adding at the end thereof the following:

"Any check issued to an applicant pursuant to the 1938 Agricultural Conservation Program and returned by the Treasurer of the County Agricultural Conservation Association to the Regional Disbursing Office for any reason shall be accompanied by a properly executed Form ACP-85. In addition to the usual information, the number of the returned check should be entered as a cross reference on such Form ACP-85."

*I. W. Duggan*

I. W. Duggan,  
Director, Southern Division,  
Agricultural Adjustment Administration.

